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FM AMEMBASSY SANTIAGO
TO RUEHC/SECSTATE WASHDC PRIORITY 3981
RUEHBU/AMEMBASSY BUENOS AIRES 1145
RUEHPE/AMEMBASSY LIMA 5811
RUEHAC/AMEMBASSY ASUNCION 3638
RUEHPE/AMEMBASSY LIMA 5812
RUEHBR/AMEMBASSY BRASILIA 0539
RUEHC/DEPT OF LABOR WASHDC

UNCLAS SANTIAGO 001025

SIPDIS

STATE FOR WHA/BSC, DRL/ILCSR
LABOR FOR ILAB--CHANTENIA GAY

E.O. 12958: N/A

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SUBJECT: CHILE: PUBLIC WORKERS' STRIKE ENDS AFTER 4 DAYS OF
PARALYZING GOVERNMENT SERVICES

¶1. The four day strike of Chilean public workers ended November 20 with an announcement of a 10 percent salary increase. The strike had halted the work of 70 percent of public employees. The Chilean Senate approved the 10 percent adjustment in a night session on November 20, and the Chamber of Deputies approved the measure November 21. Following Senate approval of the government's proposed adjustment, fifteen representatives from local unions organized by the National Association of Federal Employees (ANEF) agreed to end the strike.

¶2. The 10 percent hike is a compromise between the GOC; original 6.5 percent offer and the 14.5 percent ANEF demanded. ANEF justified its demands citing the need to make up for last year's lower salary raise and the current 9.9 percent annual inflation rate, the highest rate in 14 years.

¶3. Carmen Espinoza, the National Director of the Program for Economy and Work (PET), a labor studies institute, told EPOL staff November 18 that the workers' strike is "one of the most serious labor movements in recent years." She predicted the outcome of this strike would also influence private sector employees renegotiate their wages. She stated that a yearly readjustment of wages is necessary and noted a strike of this magnitude was needed pressure on the GOC. Salvador Castro, President of the Confederation and National Federation for Metal workers, Mining, and Automobiles (CONFESTEMA) took a different view. Castro told EPOL staff November 19 that the laws were very clear in this case and that many of the involved public sector employees were striking illegally. A strike of this nature and magnitude was not justified, Castro said, because of its effects on public health and necessary services.

¶4. The strike caused the four day closing or slowing of many GOC operations including those of the civil registry, customs, public hospitals, the courts, and waste management. Media highlighted that one woman died in Puerto Montt, allegedly for failing to receive emergency treatment; 40,000 children did not attend preschool; 400 surgeries had been postponed; and 30,000 people had not received primary health services. Some Embassy operations, including customs and mail delivery, were also affected, although many government employees, including MFA officials, continued to make themselves available to the Embassy during the strike. The strike is estimated to have caused a 600 million dollar economic loss. GOC operations reopened November 21 but many say it will take up to a week to return to speed.

¶5. Comment: This was one of the largest strikes in Chile in recent history. While there are strong unions in Chile, overall unionization rates are low. The level of organization and number of employees involved in this movement was surprising and could spark a rise in the influence of unions in the Chilean workplace. End
Comment

SIMONS